**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**March 14, 2022 (Webex Meeting)**

**Attendance**

|  |  |
| --- | --- |
| Independent Retail Electric Providers | Loretto Martin – NRG/Direct Energy  |
| Independent Power Marketers | Mark Holler - Tenaska Power Inc. |
| Independent Generators | Ian Haley - Luminant Generation |
| Investor Owned Utilities | Deborah McKeever – Oncor |
| Municipals | Don Daugherty - City of GarlandJimmy Kuo – CPS Energy |
| Others | Barbara ClemenhagenBob WittmeyerBrian KozChristy BrowningClayton GreerColin WalcavichConnor AndersonConstance McDaniel Wyman |  | Curtis CampoJames OkenfussJim LeeJimmy KuoJohn RitchMariah BensonPerrin WallRyan EvansSandra Ionescu | Seth CochranShams SiddiqiSteve ReedySuzi McClellanTru Robertson |
| ERCOT Staff | Austin RoselMark RuaneMaruthi Gaddam | Murali KatragaddaJudy LuuRizaldy Zapanta |  |

The meeting was called to order at 9:30 a.m.

**Approval of Meeting Minutes – February 16, 2022**

Loretto Martin submitted a motion to approve the February 16, 2022 minutes. Deborah McKeever seconded the motion. Motion passed.

**NPRRs for Review**

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| --- | --- |
| NPRR 1119 | Removal of Extraneous Language Pertaining to the Calculation of Weekly Generation and Load Resource Capacity Forecasts |
| NPRR 1121 | Add a Posting Requirement to the Exceptional Fuel Cost Submission Process |
| NPRR 1122 | Clarifications for PURA Subchapter M Securitization Default Charges |
| NPRR1123 | Clarifications for PURA Subchapter N Securitization Uplift Charges |
| NPRR1112 | Elimination of Unsecured Credit Limits |

On NPRR 1119 and NPRR 1121, Ms. Martin submitted a motion that these are operational and have no credit impact. Ian Haley seconded the motion. Motion passed.

On NPRR 1122 and NPRR 1123, Mr. Haley submitted a motion that these are operational and have no credit impact. Ms. Martin seconded the motion. Motion passed.

On NPRR112, Jimmy Kuo submitted a motion to provide the comments below. Mark Holler seconded the motion. Motion passed.

CWG proposed the $30 M limit as a compromise between the existing policy and ERCOT’s proposal of eliminating unsecured credit. CWG can support retaining the existing credit limit or a reduction to $30M. Based on information reviewed to date, CWG has not seen evidence of a material improvement in credit risk due to the reduction or elimination of unsecured credit.

**NPRR 1088 Applying Forward Adjustment Factors to Forward Market Positions**

The group agreed to further discuss in the next meeting.

**Default Uplift Methodology**

Seth Cochran presented to the group the draft of the NPRR improves the parity of the default uplift allocation methodology by introducing a scalar to Congestion Revenue Right (CRR) activity and adjusting its contribution so it is solely based on an entity’s CRRs owned in the Day-Ahead Market (DAM).

Austin Rosel presented the impact of the removal of CRR auction activity and using a scalar with 70%, 80% and 90% multipliers. The group requested Mr. Rosel to also present in the next meeting the results of using 50% and 60% multipliers as well as the impact at the Counter-Party level.

**Draft NPRR – Use of Financial Security for Securitization Default Charge and Securitization Uplift Charge Invoices and Escrow Deposit Requirements**

Mark Ruane presented to the group the draft NPRR clarifying that in the event of a Payment Default with respect to either PURA Subchapter M Securitization Default Charges, or PURA Subchapter N Securitization Uplift Charges, ERCOT may utilize available Financial Security held with respect to other ERCOT market activities.

In the event of concurrent Payment Defaults for either Invoices or escrow deposit requests, this NPRR also specifies the prioritization for the application of Financial Security to these defaults.

Mr. Ruane pointed out that since the next CWG/MCWG meeting in April will take place after the scheduled TAC meeting, an email vote may be necessary after the draft NPRR goes through PRS. The group agreed to conduct an email vote if necessary.

**ERCOT Updates**

Spoorthy Papudesi presented the monthly update on credit exposure.

**Other Business**

The meeting was adjourned at 11:33 a.m.